

Message Text

UNCLASSIFIED

PAGE 01 TAIPEI 01988 090420Z
ACTION EB-08

INFO OCT-01 EA-09 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15 STR-04
ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 XMB-04
/097 W

-----091032Z 007402 /21

R 090345Z APR 77
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 3129

UNCLAS TAIPEI 1988

E.O. 11652: N/A
TAGS: ETRD, TW
SUBJECT: GSP: FIRST YEAR REVIEW - PRELIMINARY EMBASSY COMMENT

REF : STATE 067507

1. BASED ON DISCUSSIONS WITH GROC OFFICIALS, EXPORTERS AND IMPORTERS, AND OUR OWN OBSERVATIONS, IT IS OUR OPINION THAT THE GSP HAS BEEN BENEFICIAL TO TAIWAN. SINCE TAIWAN'S EXPORTS TO THE UNITED STATES DURING 1976 WERE RAPIDLY RISING FOR CYCLICAL REASONS, IT IS DIFFICULT TO ISOLATE THE BENEFIT DERIVED FROM THE GSP. THE GROC IS CURRENTLY PREPARING AN ANALYSIS OF THE RESULTS OF THE GSP WHICH IT HAS AGREED TO MAKE AVAILABLE TO US AND WHICH WILL BE SUBMITTED TO WASHINGTON ON RECEIPT. IN VIEW OF ITS RELATIVELY HIGH DEGREE OF INDUSTRIAL DEVELOPMENT, THE LARGE VOLUME OF TAIWAN'S EXPORTS TO THE UNITED STATES (\$3 BILLION IN 1976), AND THE CUT-OFF PROVISIONS OF THE GSP, THE BENEFICIAL EFFECTS WHILE SUBSTANTIAL ARE PROBABLY MARGINAL IN TERMS OF OVERALL US-ROC TRADE.

2. TO OUR KNOWLEDGE NO MAJOR INVESTMENT HAS TAKEN PLACE ON TAIWAN TO BENEFIT FROM THE GSP, NOR IS THE GROC AWARE OF ANY. IT IS PROBABLE, HOWEVER, THAT MANY SMALLER COMPANIES
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TAIPEI 01988 090420Z

HAVE GEARED UP THEIR OPERATIONS TO TAKE ADVANTAGE OF GSP OPPORTUNITIES. THE BOARD OF FOREIGN TRADE (BOFT) HAS INFORMED US IT HAS NO WAY OF OBTAINING THIS INFORMATION.

3. IT IS AGAIN OUR IMPRESSION, SUPPORTED BY THE BOFT, THAT THE PRINCIPAL BENEFITS OF THE GSP DURING 1976 WERE ENJOYED BY MANUFACTURERS ALREADY EXPORTING TO THE UNITED STATES

AND THAT RELATIVELY FEW NON-TRADITIONAL PRODUCTS WERE EXPORTED AS A RESULT OF THE GSP. AS FAMILIARITY WITH THE GSP GROWS, AND GIVEN THE HIGH FLEXIBILITY OF TAIWAN'S LIGHT INDUSTRY, WE WOULD EXPECT MORE NON-TRADITIONAL EXPORTS TO OCCUR IN THE FUTURE.

4. WITHOUT CONDUCTING EXTENSIVE INTERVIEWS WITH MANUFACTURERS, IT IS NOT POSSIBLE TO PINPOINT THE REASONS WHY OTHERWISE ELIGIBLE PRODUCTS DID NOT RECEIVE GSP TREATMENT. WE BELIEVE, HOWEVER, THAT ALL THE REASONS SUGGESTED PARA 3 OF REFTEL APPLY TO TAIWAN TO VARYING DEGREES. AN ADDITIONAL FACTOR IN TAIWAN IS THAT, FROM OUR OBSERVATIONS, THE KEENEST INTEREST IN THE GSP HAS BEEN GENERATED BY U.S. IMPORTERS RATHER THAN BY TAIWANESE EXPORTERS, SINCE IT IS THE FORMER WHO REAP THE IMMEDIATE BENEFIT OF LOWER PRICE WHILE THE LATTER BENEFIT, WITH SOME LAG, THROUGH LARGER SALES. THUS, UNLESS U.S. IMPORTERS PLACE ORDERS WITH TAIWANESE FIRMS TO GAIN ADVANTAGE FROM THE GSP, OR UNLESS THE U.S. IMPORTERS REQUEST A FORM A, THERE HAS PROBABLY BEEN A TENDENCY FOR TAIWANESE MANUFACTURERS TO IGNORE THE GSP.

5. IT IS TOO EARLY TO DISCERN CHANGES IN TRADE PATTERNS GENERATED BY THE GSP APART FROM THE INITIAL INCREASE IN TAIWAN'S EXPORTERS TO THE UNITED STATES. TO THE EXTENT THAT TAIWANESE FIRMS INVEST IN NEW PLANT AND EQUIPMENT, AND ORDER ADDITIONAL SUPPLIES OF RAW MATERIALS AND COMPONENTS, THERE SHOULD BE INCREASED OPPORTUNITIES FOR U.S. EXPORTERS, ALTHOUGH JAPAN WILL PROBABLY BE THE CHIEF BENEFICIARY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TAIPEI 01988 090420Z

6. THE EMBASSY WILL PROVIDE ADDITIONAL COMMENTS AS MORE INFORMATION AND ANALYSIS BECOME AVAILABLE.
UNGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TAIPEI01988
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770124-0663
Format: TEL
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770471/aaaacjqb.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1156bca7-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 STATE 67507
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2848480
Secure: OPEN
Status: NATIVE
Subject: GSP: FIRST YEAR REVIEW - PRELIMINARY EMBASSY COMMENT
TAGS: ETRD, TW
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/1156bca7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009